



Claim Construction Is Ultimately A Question Of Law But May Involve Underlying Factual Questions

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Teva Pharms USA, Inc v Sandoz, Inc, United States Supreme Court, No 13-854, 574 US ___ (20 January 2015)

Abstract

The US Supreme Court reversed a previous determination by the US Court of Appeals for the Federal Circuit, holding that, while the construction of patent claims is a question of law for a judge to determine, claim construction may involve underlying factual disputes that are subject to clear error, rather than *de novo review*.

Legal Context

One of the significant debates in US patent law in the 1990s was whether claim construction was a question of law for the court or a question of fact for the jury (or fact finder) to decide in each case. In *Markman v Westview Instruments, Inc* a unanimous court held that the construction of a patent, including terms of art within its claims, is exclusively within the province of the court rather than the jury: 517 US 370, 372 (1996). Subsequently, the question of what a claim means has rested solely with the court, while the question of whether the claim—as properly construed by the court—is infringed has remained with the jury.

Although it was thought that taking the issue away from the jury would bring greater consistency to patent law, it unfortunately has also resulted in a relatively high reversal rate at the appellate court. Some estimates indicate the Federal Circuit is likely to reverse at least one claim construction issued by the district court in at least 50 percent of the cases in which a claim construction issue is raised on appeal.

One issue that *Markman* did not explicitly resolve is, to the extent that claim construction may rest upon the resolution of underlying factual disputes, what, if any, deference should be given to the district court in resolving such disputes.

Soon after *Markman*, the Federal Circuit decided to give no deference to district courts' claim constructions in *Cybor Corp v FAS Techs, Inc*, since claim construction, as a purely



legal issue, is subject to *de novo* review on appeal: 138 F 3d 1448, 1451 (Fed Cir 1998). Last year, in *Lighting Ballast Control LLC v Philips Elecs N Am Corp*, a full panel of the Federal Circuit reviewed its prior holding in *Cybor* and a majority, relying upon, inter alia, principles of *stare decisis*, reaffirmed its prior holding that the scope of the patent grant is reviewed is a matter of law: 744 F 3d 1272, 1276–1277 (Fed Cir 2014) (*en banc*).

The US Supreme Court revisited this issue for the first time since *Markman* in *Teva Pharms USA, Inc v Sandoz, Inc*. Consistent with other recent Supreme Court decisions in patent law, the majority of the Supreme Court reversed the Federal Circuit, as discussed here.

Facts

This patent infringement suit involved several patents covering Teva's wide-selling drug Copaxone, which is used to treat multiple sclerosis and has generated over \$10 billion since its introduction in 1997. As of the date of this publication, only one of these asserted patents—US Patent No 5,800,808 ('the '808 Patent')—has not yet expired; it is set to expire in September 2015.

The asserted claims of the patents-at-issue require the claimed agent to have a molecular weight between certain ranges. The defendants asserted that the uses of the term 'molecular weight' in the patents made the claims invalid since they are 'indefinite'.

The district court rejected the defendants' indefiniteness argument, first explaining that the term 'molecular weight' would be an 'average molecular weight' in the context of the claims: *Teva Pharms USA, Inc v Sandoz Inc*, 810 F Supp 2d 578, 587 (SDNY 2011). Although the parties agreed that there are several different types of average molecular weight, depending on the calculation used, the court construed the term to mean 'peak molecular weight...', after looking to the specification, the prosecution history, and extrinsic evidence, and ultimately concluded that the asserted claims were not indefinite.

On appeal, the Federal Circuit reversed the district court's indefiniteness determination for the asserted claims that required the claimed agent to have an 'average molecular weight' between certain ranges: *Teva Pharms USA, Inc v Sandoz, Inc*, 723 F 3d 1363, 1366 (Fed Cir 2013). The Federal Circuit explained that the plain language of these claims did not indicate which type of average molecular weight measure was to be used. Further, the court cited the prosecution histories of two patents related to the '808 Patent in which Teva had used two conflicting definitions to overcome corresponding rejections in the related applications. The Federal Circuit concluded that the testimony of Teva's expert regarding the specification does not save the claims from indefiniteness; although that expert testified that a skilled artisan would interpret the term 'average molecular weight' to mean 'peak molecular weight' by looking to Figure 1 and Example 1 of the specification, the court determined that Figure 1 of the specification points away from 'average molecular weight' meaning 'peak molecular



weight' rather than another type of average molecular weight measure.

The Supreme Court granted Teva's petition for a writ of *certiorari* on the following issue: 'Whether a district court's factual finding in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires'.

Analysis

In a 7-2 decision, the Supreme Court vacated and remanded the Federal Circuit's judgment related to the meaning of the term 'molecular weight' in the patent-at-issue. The court explained that, although it established in *Markman* that claim construction 'is not for a jury but "exclusively" for "the court" to determine', the 'evidentiary underpinnings' of claim construction are still underlying factual questions subject to clear error review under Rule 52(a).

The court clarified that *Markman* did not create an exception to Rule 52(a), but instead treated claim construction as a 'question of law' to be determined by a judge in the way that a judge would construe other written instruments, such as deeds, contracts or tariffs.

In addition to reviewing its holding in *Markman*, the Supreme Court explained that precedent, including its treatment of 'obviousness' as a question of law with underlying questions of fact, as well as 'practical considerations' such as the district court's familiarity with the 'specific scientific principles' at issue in the case, support clear error review.

The Supreme Court rejected the argument that it is difficult to separate the 'factual' questions from the 'legal' ones, and then explained how to identify the 'factual' questions that are entitled to deference.

First, the Supreme Court explained that claim construction involves only subsidiary factual findings when the district court reviews extrinsic evidence, beyond the patent's claims, specification and prosecution history. The Supreme Court gave examples of such underlying facts, including witness credibility (citing *Markman*), and the meaning of a term of art to a person of ordinary skill in the art at the time of the invention. The Supreme Court carefully distinguished these subsidiary factual findings from the ultimate legal analysis: the meaning of the term at issue '*in the context of the specific patent claim under review*' (emphasis in original).

The Court recognized that, in some instances, subsidiary factual findings will not play a large role in a judge's ultimate construction of a claim term, but that they may be close to dispositive in other instances. It is notable that the Supreme Court did not comment as to the proper construction of 'molecular weight' in this case, but simply vacated the Federal Circuit's



judgment for, at a minimum, failing to accept Teva's expert's explanation as to how a skilled artisan would interpret Figure 1 of the '808 Patent without finding that explanation 'clearly erroneous'.

In a dissenting opinion, Justice Thomas, joined by Justice Alito, agreed with the majority opinion that there is no special exception to Rule 52(a)(6) for claim construction, but disagreed that claim construction involves findings of fact. Thus, the dissent argued that the Federal Circuit properly applied a *de novo* standard of review. While the majority opinion likened a patent to a deed or a contract rather than a statute, the dissent took the opposite position and argued that because patents 'provide rules that bind the public at large, patent claims resemble statutes', which do not involve subsidiary findings of fact. Additionally, the dissent explained that the subsidiary facts relevant to claim construction are 'substantially' different from the 'historical facts' involved in the interpretation of deeds and contracts (eg, the actual intentions of the parties). Indeed, Justice Thomas described the understanding of a 'skilled artisan' as a 'legal fiction', and more analogous to a 'conclusion of law' than a 'finding of fact'. The dissent also disagreed with the majority that the allocation of subsidiary evidentiary determinations to the district court will not impact uniformity in claim construction.

Practical significance

As the Supreme Court pointed out, 'subsidiary fact finding is unlikely to loom large in the universe of litigated claim construction'. In most cases, the intrinsic evidence (ie, the patent's claims, specification, and prosecution history) will control the ultimate construction of a patent's scope. Still, the holding in this case may result in additional deference being given to the claim construction determinations of district courts, at least to the extent that such determinations are based on underlying factual disputes.

On 26 January 2015, the Supreme Court granted *certiorari*, vacated, and remanded three cases regarding the issue of the standard of review for claim construction in light of *Teva*: *Lighting Ballast Control LLC v Universal Lighting Techs, Inc*, No 13-1536; *Gevo, Inc v Butamax Advanced Biofuels*, No 13-1286; and *Shire Development, LLC v Watson Pharms, Inc*, No 14-206. The Federal Circuit's resolution of these cases on remand may provide additional guidance as to the significance of *Teva's* holding in the future.

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